

AR42



Firestone
1972 ANNUAL REPORT

72nd Annual Report
The Firestone Tire & Rubber Company
1200 Firestone Parkway, Akron, Ohio 44317

DIRECTORS

Raymond C. Firestone, *Chairman*
Richard A. Riley
Robert P. Beasley
Willard C. Butcher
Edward F. Carter
Mario A. DiFederico
Leonard K. Firestone
John F. Floberg
George F. Karch
Robert D. Thomas
Harvey S. Firestone, Jr.,
Honorary Director

OFFICERS

Raymond C. Firestone, *Chairman and Chief Executive Officer*
Richard A. Riley, *President*
Robert P. Beasley,
Executive Vice President
Edward F. Carter,
Executive Vice President
Mario A. DiFederico,
Executive Vice President
Gordon C. Applequist,
Vice President
R. Carl Brown, *Vice President*
Allen E. Brubaker, *Vice President*
John T. Cahoon, *Vice President*
Joseph V. Cairns, *Vice President*
Jack M. Cornely, *Vice President*
John F. Floberg, *Vice President, Secretary and General Counsel*
Henry L. Houst, *Vice President*
Frank A. LePage, *Vice President*
Lawrence J. Lombardo,
Vice President
Clark E. Stair, *Vice President*
Everett H. Strobel, *Vice President*
Stanley T. Wepsic, *Vice President*
Kenneth W. Reese, *Treasurer*
John G. Stoneburner, *Comptroller*
James M. Denny,
Assistant Treasurer
Robert E. Linder,
Assistant Treasurer
Reid J. Montgomery,
Assistant Treasurer
Stanley M. Clark,
Assistant Secretary
Ian R. MacLeod,
Assistant Secretary
Alexander J. McNair,
Assistant Secretary
Harold J. Brandenburg,
Assistant Comptroller
Richard C. Clevenger,
Assistant Comptroller
John K. Smucker,
Assistant Comptroller
John B. Welsh,
Assistant Comptroller

Transfer Agents

First National City Bank, New York
The Firestone Tire & Rubber
Company, Akron

Registrars

Bankers Trust Company, New York
The Firestone Bank, Akron

Auditors

Lybrand, Ross Bros. &
Montgomery

CONTENTS

- 1 Financial Highlights
- 2 Report to Stockholders
- 4 Financial Review
- 5 Accountants' Report
- 6 Consolidated Balance Sheet
- 8 Consolidated Income Statement, Retained Earnings, Additional Capital
- 9 Statement of Changes in Financial Position
- 10 Ten-Year Financial and Operating Summary
- 13 Tires
- 19 International Operations
- 21 Diversified Operations
- 26 Research
- 27 Environmental Engineering
- 28 People

FINANCIAL HIGHLIGHTS

Dollars in Thousands, Except Per Share Amounts

	1972	1971
Net Sales	\$2,690,957	\$2,483,599
Net Income	135,773	120,262*
Percent of Sales	5.0%	4.8%
Cash Dividends	47,923	46,484
Net Income	2.36	2.07*
Cash Dividends832	.80
Wages, Salaries and Employee Benefits...	879,060	799,276
Depreciation	105,405	100,821
Expenditures for Property, Plants and Equipment	189,295	147,773

Per Share
Of Common Stock

*Includes Extraordinary Income of \$6,718,000 or \$.12 Per Share.

FRONT COVER: The Steel Radial 500, combining strong steel belts with radial tire construction, is making a dynamic impact as standard or optional equipment on many 1973 model cars.

BACK COVER: The Savage 60, newest tire development for high performance cars, will be marketed in 1973.



REPORT TO STOCKHOLDERS



We are pleased to report that for the eleventh consecutive year the Company achieved a new sales record and that net income rose to an all-time high.

Net income was \$135,773,000, up 12.9 percent from \$120,262,000 last year. Earnings per share were \$2.36 compared with \$2.07 in 1971. Earnings in 1971 included \$6,718,000 or 12 cents a share of extraordinary income from the sale of a minority interest in a German tire company.

Sales reached \$2,690,957,000, an 8.3 percent increase over 1971 sales of \$2,483,599,000.

Our high sales and earnings reflect the record production in the automotive industry, the increased demand for tires in the replacement market and the general business recovery in 1972. The expansion in the general economy resulted in increased demand for the Company's broad range of products in rubber, metals, plastics, chemicals and textiles. Company programs to control costs and improve efficiency were also significant factors in our record profit performance.

TIRE DEVELOPMENTS

The demand for radial tires is growing rapidly and our production breakthrough in radial tire manufacturing methods has permitted us to produce these tires in quantity. Our new manufacturing technique, announced during the year, allows us to produce radial tires on basically the same equipment presently used for bias and belted bias tires. Fourteen of our North

American tire plants are now producing radial tires using this new method. This capability has placed us in a strong competitive position in the replacement market.

During the year, the Radial V-1 tire and the 500 Steel Belt, a belted bias tire, were introduced and readily accepted by motorists.

In the original equipment market, Firestone's steel radial passenger car tire, first U.S.-made tire of this type to be adopted by Detroit manufacturers, continued to gain in popularity. Now called the Steel Radial 500, the tire is standard equipment on several 1973 model cars and is optional equipment on many others.

Other new tire developments included the Transteel radial truck tire; an off-the-highway radial tire; the Power Drive and Transport Supreme truck tires, and a new line of Loader-Dozer earthmover tires.

The LXX cantilevered sidewall tire for trucks is undergoing a severe testing program by a major trucking company and the LXX Mach 1 aircraft tire has been put into service by two U.S. airlines.

GROWTH

Record sales and income resulted from the Company's ability to capitalize on the increased demand for tires and other products our Company makes for the consumer and industry.

The Company expended a total of \$189,295,000 for production expansion and modernization programs in our manufacturing facilities and for further strengthening of our extensive distribution network.

To keep pace with the growing demand for truck tires a new plant in Nashville, Tenn., started production and is manufacturing the Transteel radial truck tire, an all-steel cord tire for the trucking industry.

Expansions of truck tire capacity, under way at four U.S. plants, are equivalent to the construction of an entire new plant.

Production capacity for both radial and belted bias passenger car tires is being increased at many U.S. and foreign plants, and future expansions are in the planning stage.

New plants and expansion programs have also been started for many of our diversified products divisions as the demands for metal products, synthetic rubbers, plastics, urethane foam and general automotive components continue to increase.

MARKETING AND DISTRIBUTION

The Company stepped up its retail marketing programs in the United States and abroad. A total of 115 new sales outlets, including Company stores and Firestone Tire Center dealer operations, were opened in the U.S. during the year. In addition, many new independent dealers started marketing Firestone tires. Expansion and modernization programs were also completed at many outlets to strengthen our vast marketing system.

A tire distribution center was opened in Cranbury, N.J., to serve dealers, stores and automotive assembly plants in 12 eastern states.

WORLDWIDE EXPANSION

Our international business continues to expand and offers excellent prospects for further growth as the economies of foreign countries develop and strengthen.

Expansions have been completed or are under way in many of our foreign plants in Canada, Latin America, Europe, Asia, Africa and the South Pacific area.

Only by continuing growth in our foreign manufacturing facilities and sales operations can we successfully compete in expanding world markets.

The Company's 50-year record of experience as a foreign investor clearly indicates that our activities outside the United States have been favorable to the interest of our country as well as to the countries in which we operate.

PATENT LITIGATION

For several years The General Tire & Rubber Company has asserted in the courts of several countries that it has valid patents on the use of oil-extended rubber in tire treads. Courts in France, Mexico and South Africa have ruled in favor of Firestone.

However, in June 1972, a Federal District Court decided that General's United States patent is valid and has been infringed by Firestone as to certain compounds used by our Company in the treads of passenger car and small truck tires. Firestone has appealed the decision of the District Court and expects that the adverse judgment will be reversed. In October, the District Court enjoined Firestone from infringing the patent but the injunction will not go into effect unless appellate proceedings uphold the decision of the District Court.

Proceedings are under way to determine the amount of damages in the United Kingdom where a similar patent was held valid and litigation is in progress in Sweden and Australia.

We believe that the conclusion of all such litigation will not materially

affect the operations or the financial position of the Company.

FIRESTONE PEOPLE

In September, Robert D. Thomas announced his retirement as president of the Company due to ill health. Mr. Thomas, who had 41 years of service, remained on the Board of Directors and is serving the Company as a consultant.

He was succeeded by Richard A. Riley, formerly an executive vice president, who became the ninth Firestone president.

At the January stockholders' meeting Willard C. Butcher was elected to the Board of Directors. Mr. Butcher is president and chief operating officer of The Chase Manhattan Corporation and The Chase Manhattan Bank, N.A. At the same meeting Earl B. Hathaway retired from the Board after serving as a director since 1960.

During the year Elden H. Eaton, vice president, investments, retired after 46 years of service, and Arthur N. Stuart, vice president, manufacturers sales, retired after 37 years' service.

New vice presidents elected by the Board were: Gordon C. Applequist, manufacturers sales; R. Carl Brown, private brand sales; Jack M. Cornely, diversified products; Henry L. Houst, formerly an assistant secretary, and Lawrence J. Lombardo, trade sales.

Alexander J. McNair, formerly an assistant comptroller, was elected an assistant secretary. In November, Harold J. Brandenburg, an assistant comptroller, retired with 31 years' service and Charles H. Foust was elected an assistant treasurer.

Our achievements during the year are a tribute to our thousands of loyal employees and dealers. We are grateful to them for their dedication and service.

OUTLOOK

Current economic conditions favor a further rise in the general business activity in 1973. We anticipate that the growth patterns established by our Company will continue into the new year. Demand for Firestone tires, rubber, metal, chemical and other products should continue to grow during 1973 and our Company is in an excellent position to continue its progress in the years ahead.

Respectfully submitted,

Raymond C. Firestone
Chairman

Richard A. Riley
President

December 14, 1972

Richard A. Riley (left), President, and Raymond C. Firestone, Chairman and Chief Executive Officer.



Financial Review

Operations

Sales and net income in 1972 were the highest in the Company's history. Sales were \$2,690,957,000, an increase of 8.3% over the previous record of \$2,483,599,000 for 1971. Net income of \$135,773,000 for the year was up 12.9% over last year's earnings of \$120,262,000, which included extraordinary income of \$6,718,000.

Sales and income for 1972 and 1971 are summarized by product groups below:

Dollars in Thousands	1972		1971	
Sales	Amount	Percent of Total	Amount	Percent of Total
Tires and Related Products	\$2,198,364	82	\$2,055,977	83
Industrial and Metal Products	316,476	12	275,895	11
Rubber, Textiles and Plastics	176,117	6	151,727	6
Total	<u>\$2,690,957</u>	<u>100</u>	<u>\$2,483,599</u>	<u>100</u>

Income				
Tires and Related Products	\$ 103,700	76	\$ 89,168	79
Industrial and Metal Products	21,704	16	15,021	13
Rubber, Textiles and Plastics	10,369	8	9,355	8
Income before Extraordinary Gain	\$ 135,773	<u>100</u>	\$ 113,544	<u>100</u>
Extraordinary Gain	—		6,718	
Net Income	<u>\$ 135,773</u>		<u>\$ 120,262</u>	

Income amounted to \$2.36 per share of common stock in 1972, an increase of \$.29 over the comparable 1971 income per share of \$2.07 which included \$.12 per share of extraordinary gain. Cash dividends were paid at the rate of \$.832 per share in 1972 and \$.80 per share in 1971.

Net income of foreign subsidiaries was \$42,707,000 in 1972, up from \$39,823,000 the previous year. The consolidated balance sheet includes net assets in foreign countries of \$357,088,000 and \$337,590,000 at October 31, 1972 and 1971, of which net current assets were \$180,269,000 and \$172,043,000, respectively.

Taxes were as follows:

Dollars in Thousands	1972	1971
Income (Less \$6,500 Investment Credit in 1972)	\$114,200	\$107,634
Excise	218,664	206,960
Social Security	41,991	36,087
Property and Miscellaneous	32,196	30,112
	<u>\$407,051</u>	<u>\$380,793</u>

Long-Term Debt

Foreign long-term financing was obtained in August 1972 from the issuance of unsecured bonds and notes for 150 million Swiss Francs (approximately \$39.5 million) due in 1982 to 1987, with interest rates of 5½% on bonds and 5¾% on notes.

Capital Expenditures and Depreciation

Expenditures for property, plants and equipment totalled \$189,295,000 in 1972 and \$147,773,000 in 1971. Depreciation in 1972 increased to \$105,405,000 from \$100,821,000 provided in the previous year.

Incentive Plans

Incentive compensation is provided for executives and other key employees who, in the opinion of the Incentive Compensation Committee, have made important contributions to the efficient and profitable operation of the Company. The total amount available under the Incentive Compensation Plan is contingent upon the Company's earnings. Part of this amount is distributed in cash and part in Common Stock of the Company purchased on the open market. Employee stock purchase plans enable employees to invest in Firestone Common Stock through payroll deductions. Stock for this purpose is also obtained by purchases on the open market. Provision for incentive compensation and for the Company's participation in stock purchases by employees resulted in charges to income of \$7,268,000 in 1972 and \$5,912,000 in 1971.

The Employees' Incentive Stock Option Plan of 1970 provides for granting options to employees to purchase shares of the Company's Common Stock. Under this Plan and the predecessor 1960 Plan, options were outstanding at the beginning of the year to purchase 880,982 shares of Common Stock. During the year, options for 172,750 shares were granted at \$21.50 per

share, options for 24,197 shares were exercised at an average price of \$17.92 and options for 36,305 shares were cancelled. At October 31, 1972, options for 993,230 shares at an average price of \$22.98 were outstanding and 2,506,100 shares were reserved for additional options which may be granted in future years while the 1970 Plan is in effect.

Pension Plans

The majority of the Company's employees are covered by trustee contributory and non-contributory pension plans, the costs of which are based upon actuarial factors which, from time to time, may be adjusted depending upon actual investment experience. During 1972, the assumed rate of interest used in the actuarial computation of pension costs was increased to more closely reflect current conditions and amendments were made to the plans providing additional employee benefits. These changes did not significantly affect pension costs. The cost of these pension plans charged to income was \$36,425,000 in 1972 and \$37,077,000 in 1971 including amortization of prior service cost over a period of 25 years. Pension costs accrued are being funded by payments to trustees. The actuarially computed value of vested benefits for the plans as of the latest valuation date exceeded the total of the pension fund assets by approximately \$75,282,000. A summary of the pension fund assets as of October 31, 1972 and 1971 and changes in fund assets for the two years are shown below:

Dollars in Thousands	1972	1971
Pension Fund Assets, at Cost:		
Short-Term Securities	\$ 38,612	\$ 47,976
U.S. Government Securities	230	230
Corporate Bonds and Notes	93,616	115,665
Preferred Stocks	5,327	4,090
Common Stocks	278,813	205,991
Real Estate	4,769	4,962
Cash and Interest Receivable	1,858	2,509
Total	<u>\$423,225</u>	<u>\$381,423</u>
Changes in Fund Assets:		
Assets at Beginning of Year	<u>\$381,423</u>	<u>\$338,301</u>
Additions		
Company Contributions	\$ 36,425	\$ 37,077
Employee Contributions	3,277	2,827
Income from Fund Assets	23,558	22,567
Transfer from Predecessor Plans	1,941	1,009
Total Additions	<u>\$ 65,201</u>	<u>\$ 63,480</u>
Deductions		
Pension Payments	\$ 22,737	\$ 19,511
Refunds to Withdrawing Employees.	662	847
Total Deductions	<u>\$ 23,399</u>	<u>\$ 20,358</u>
Assets at End of Year	<u>\$423,225</u>	<u>\$381,423</u>

Accounting Policies

Significant accounting policies followed in the accompanying financial statements are summarized below.

Basis of Consolidation—The consolidated financial statements include the accounts of all majority-owned subsidiaries except for a wholly-owned foreign banking subsidiary which is included on the equity basis.

Translation of Foreign Currencies—Foreign currency amounts are translated into U.S. dollars generally at free market exchange rates except for property, plants and equipment and related depreciation which are translated at the rates prevailing at acquisition dates. Losses arising from translation of foreign currencies are charged to income.

Depreciation Methods and Deferred Income Taxes—Depreciation for financial reporting purposes is computed principally by the straight-line method. For income tax purposes, accelerated methods are used where allowable. The resulting tax benefit has been deferred to offset income taxes in future years when depreciation for tax purposes will be lower than for financial reporting purposes.

Research and Development—Research and development costs are charged against income as incurred.

Taxes on Undistributed Earnings of Subsidiaries—Dividends are remitted by subsidiaries of the Company except for earnings that are reinvested in their operations. No Federal income tax is provided with respect to such undistributed reinvested earnings.

Investment Credit—Federal income tax investment credit is accounted for as a reduction in the provision for taxes on income.

Accountants' Report

To the Board of Directors and Stockholders,
The Firestone Tire & Rubber Company:

We have examined the consolidated balance sheet of The Firestone Tire & Rubber Company and subsidiary companies as of October 31, 1972 and the related consolidated statements of income, retained earnings, additional capital and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported on the consolidated financial statements of the Company and subsidiaries for the year ended October 31, 1971.

In our opinion, the above-mentioned consolidated financial statements, together with the related information contained in the Company's Financial Review, present fairly the consolidated financial position of The Firestone Tire & Rubber Company and subsidiary companies at October 31, 1972 and 1971 and the consolidated results of their operations and the changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Lybrand, Ross Bros. & Montgomery

Cleveland, Ohio
December 7, 1972

The Firestone Tire & Rubber Company

Consolidated Balance Sheet

October 31, 1972 and 1971

ASSETS

Dollars in Thousands

1972

1971

Current Assets

Cash	\$ 39,456	\$ 48,751
Time Deposits and Certificates of Deposit	173,192	164,524
Short-Term Investments, at Cost	17,654	67,214
Accounts and Notes Receivable, Less Allowances	586,213	526,399
Inventories, at Lower of Average Cost or Market		
Raw Materials and Supplies	\$ 133,164	\$ 121,054
In-Process Products	45,355	43,065
Finished Goods	430,912	402,699
Total Inventories	<u>\$ 609,431</u>	<u>\$ 566,818</u>
Total Current Assets	<u>\$1,425,946</u>	<u>\$1,373,706</u>

Other Assets

Investments, at Cost and Miscellaneous Assets	\$ 34,784	\$ 37,680
Prepaid Expenses and Deferred Charges	14,010	14,398
	<u>\$ 48,794</u>	<u>\$ 52,078</u>

Property, Plants and Equipment, at Cost

Land and Improvements	\$ 75,381	\$ 66,529
Buildings and Building Fixtures	399,138	363,900
Machinery and Equipment	1,307,187	1,204,420
	<u>\$1,781,706</u>	<u>\$1,634,849</u>
Less: Accumulated Depreciation	781,161	716,284
	<u>\$1,000,545</u>	<u>\$ 918,565</u>
Total Assets	<u><u>\$2,475,285</u></u>	<u><u>\$2,344,349</u></u>

LIABILITIES

Dollars in Thousands

1972**1971****Current Liabilities**

Short-Term Loans	\$ 113,420	\$ 104,982
Accounts Payable and Accrued Items	331,962	279,802
Long-Term Debt Due Within One Year	28,579	26,536
United States and Foreign Taxes on Income	143,999	168,647
Total Current Liabilities	<u>\$ 617,960</u>	<u>\$ 579,967</u>

Long-Term Debt

Debentures, Less Principal Amount Held in Treasury: 1972—\$14,842; 1971—\$12,504		
3¼ % Due May 1, 1977	\$ 23,868	\$ 30,110
4¼ % Due July 1, 1988	59,540	63,108
7.30% Due October 15, 2001	100,000	100,000
Domestic Bank Loans, 5½ % Due 1974-1975	37,000	51,000
Industrial Revenue Bonds, 3.2% to 6.25%, Due 1974-1992	88,836	91,305
Foreign Long-Term Loans, 3.0% to 8.75%, Due 1974-1990	133,323	95,338
Euro-Dollar Convertible Debentures, 5%, Due May 1, 1988	59,616	59,616
	<u>\$ 502,183</u>	<u>\$ 490,477</u>

Deferred Income Taxes	\$ 62,500	\$ 56,200
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Minority Interest in Subsidiary Companies	\$ 40,813	\$ 37,599
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Stockholders' Equity

Serial Preferred Stock (Cumulative), \$1 Par Value, Voting, Authorized 10,000,000 Shares, None Issued		
Common Stock, without Par Value, Authorized 120,000,000 Shares (3,499,330 Shares reserved for employees' options and 2,029,480 Shares reserved for conversion of debentures):		
Shares Issued: 1972—59,690,879; 1971—59,666,682	\$ 62,178	\$ 62,153
Additional Capital	189,134	188,725
Retained Earnings	1,061,377	973,527
Total	<u>\$1,312,689</u>	<u>\$1,224,405</u>
Less: Treasury Stock, at Cost: 1972—2,433,166 Shares; 1971—1,703,740 Shares	60,860	44,299
Total Stockholders' Equity	<u>\$1,251,829</u>	<u>\$1,180,106</u>
Total Liabilities and Stockholders' Equity	<u>\$2,475,285</u>	<u>\$2,344,349</u>

Consolidated Income Statement

FOR THE YEARS ENDED OCTOBER 31

Dollars in Thousands, Except Per Share Amounts

1972

1971

Net Sales	\$2,690,957	\$2,483,599
Other Income	25,311	20,807
	<u>\$2,716,268</u>	<u>\$2,504,406</u>
Less:		
Cost of Goods Sold	\$1,923,091	\$1,788,364
Selling, Administrative and General Expenses	498,560	460,388
Interest and Debenture Discount and Expense	39,815	32,049
Miscellaneous Deductions	1,665	2,788
Minority Interests in Income of Subsidiary Companies	3,164	2,473
Domestic and Foreign Taxes on Income (includes provision for deferred taxes: 1972—\$6,300; 1971—\$8,300)	114,200	104,800
	<u>\$2,580,495</u>	<u>\$2,390,862</u>
Income Before Extraordinary Item	<u>\$ 135,773</u>	<u>\$ 113,544</u>
Extraordinary Item—Gain on Sale of Minority Interest in Foreign Company, less Income Tax of \$2,834	—	6,718
Net Income	<u><u>\$ 135,773</u></u>	<u><u>\$ 120,262</u></u>
Per Share of Common Stock		
Income Before Extraordinary Item	\$2.36	\$1.95
Extraordinary Item	—	.12
Net Income	<u><u>\$2.36</u></u>	<u><u>\$2.07</u></u>

Retained Earnings

Balance at Beginning of Year	\$ 973,527	\$ 899,749
Net Income for the Year	135,773	120,262
	<u>\$1,109,300</u>	<u>\$1,020,011</u>
Cash Dividends Paid on Common Stock \$.832 per Share in 1972 and \$.80 per Share in 1971	47,923	46,484
Balance at End of Year	<u><u>\$1,061,377</u></u>	<u><u>\$ 973,527</u></u>

Additional Capital

Balance at Beginning of Year	\$ 188,725	\$ 185,093
Excess of Proceeds over Stated Value from Sales of Common Stock Under the Incentive Stock Option Plan	409	3,632
Balance at End of Year	<u><u>\$ 189,134</u></u>	<u><u>\$ 188,725</u></u>

Statement of Changes in Financial Position

FOR THE YEARS ENDED OCTOBER 31

Dollars in Thousands

1972

1971

Source of Funds

Operations

Net Income (includes extraordinary income of \$6,718 in 1971)	\$135,773	\$120,262
Depreciation	105,405	100,821
Deferred Income Tax	6,300	8,300
Total from Operations	<u>\$247,478</u>	<u>\$229,383</u>

Long-Term Debt	39,500	130,000
Sale of Common Stock Under the Incentive Stock Option Plan	434	3,836
Minority Interest in Subsidiary Companies	3,214	10,442
Other Items	5,194	—
Total	<u>\$295,820</u>	<u>\$373,661</u>

Disposition of Funds

Payment of Cash Dividends	\$ 47,923	\$ 46,484
Expenditures for Property, Plants and Equipment	189,295	147,773
Repayment of Long-Term Debt	27,794	26,901
Purchase of Treasury Stock	16,561	5,348
Other Items	—	6,194
Total	<u>\$281,573</u>	<u>\$232,700</u>

Increase in Working Capital	<u>\$ 14,247</u>	<u>\$140,961</u>
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Changes in Working Capital Components:

Cash and Short-Term Investments	\$ (50,187)	\$171,332
Receivables	59,814	23,115
Inventories	42,613	(318)
Short-Term Loans	(8,438)	33,846
Payables and Accrued Items	(52,160)	(19,321)
Long-Term Debt Due Within One Year	(2,043)	3,676
Taxes on Income	24,648	(71,369)

Increase in Working Capital	<u>\$ 14,247</u>	<u>\$140,961</u>
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Ten-Year Financial and Operating Summary

Dollars in Thousands, Except Per Share Amounts

1972

1971

1970

1969

SALES AND EARNINGS

Net Sales	\$2,690,957	\$2,483,599	\$2,334,717	\$2,278,909
Net Income	\$ 135,773	\$ 120,262*	\$ 92,764	\$ 116,686
Percent to Sales	5.0%	4.8%	4.0%	5.1%
Net Income Retained	\$ 87,850	\$ 73,778	\$ 46,324	\$ 70,156
Wages, Salaries and Employee Benefits	\$ 879,060	\$ 799,276	\$ 761,988	\$ 734,173
Taxes	\$ 407,051	\$ 380,793	\$ 333,627	\$ 363,706
Depreciation	\$ 105,405	\$ 100,821	\$ 90,095	\$ 80,549

COMMON STOCK

Stockholders' Equity	\$1,251,829	\$1,180,106	\$1,107,840	\$1,064,139
Cash Dividends	\$ 47,923	\$ 46,484	\$ 46,440	\$ 46,530
Per Share**				
Net Income	\$2.36	\$2.07*	\$1.60	\$2.01
Dividends—Cash	\$.832	\$.80	\$.80	\$.80
—Stock	—	—	—	—
Income Tax	\$1.98	\$1.86	\$1.34	\$1.96
Book Value	\$21.86	\$20.36	\$19.11	\$18.31
Shares Outstanding at October 31**	57,257,713	57,962,942	57,985,294	58,117,734
Average Shares Outstanding**	57,597,175	58,070,309	58,056,110	58,196,244
Number of Stockholders	41,222	36,624	35,841	35,402

FINANCIAL POSITION

Total Assets	\$2,475,285	\$2,344,349	\$2,097,074	\$2,019,256
Working Capital	\$ 807,986	\$ 793,739	\$ 652,778	\$ 726,130
Current Ratio, Assets to Liabilities	2.3 to 1	2.4 to 1	2.3 to 1	2.5 to 1
Property, Plants and Equipment				
Net Value at Year End	\$1,000,545	\$ 918,565	\$ 877,976	\$ 764,864
Additions During Year	\$ 189,295	\$ 147,773	\$ 206,127	\$ 165,909
Long-Term Debt	\$ 502,183	\$ 490,477	\$ 387,378	\$ 417,078

*Includes Extraordinary Income of \$6,718,000 or \$.12 Per Share.

**Adjusted to Reflect Two-for-One Stock Split of October 12, 1971.

1968	1967	1966	1965	1964	1963
\$2,131,444	\$1,875,376	\$1,814,592	\$1,609,756	\$1,448,830	\$1,382,049
\$ 127,035	\$ 102,349	\$ 101,765	\$ 86,667	\$ 79,030	\$ 63,384
6.0%	5.5%	5.6%	5.4%	5.5%	4.6%
\$ 84,536	\$ 61,910	\$ 64,336	\$ 52,191	\$ 47,469	\$ 35,303
\$ 656,670	\$ 544,831	\$ 530,880	\$ 471,858	\$ 417,179	\$ 400,984
\$ 339,162	\$ 275,231	\$ 283,413	\$ 245,527	\$ 232,585	\$ 213,441
\$ 72,482	\$ 66,645	\$ 62,025	\$ 54,960	\$ 54,207	\$ 52,452
\$1,010,479	\$ 915,281	\$ 849,242	\$ 782,658	\$ 728,094	\$ 678,885
\$ 42,499	\$ 40,439	\$ 37,429	\$ 34,475	\$ 31,560	\$ 28,080
\$2.16	\$1.77	\$1.76	\$1.51	\$1.38	\$1.10
\$.72	\$.70	\$.65	\$.60	\$.55	\$.50
—	—	—	—	—	2%
\$2.04	\$1.47	\$1.43	\$1.18	\$1.28	\$1.21
\$17.24	\$15.78	\$14.70	\$13.58	\$12.67	\$11.83
58,609,696	58,015,752	57,768,800	57,634,474	57,486,586	57,377,814
58,797,448	57,871,104	57,694,502	57,568,320	57,437,498	57,368,933
34,218	27,168	28,236	28,300	28,631	28,630
\$1,882,646	\$1,550,402	\$1,416,740	\$1,259,975	\$1,111,658	\$1,000,284
\$ 704,864	\$ 558,387	\$ 553,108	\$ 498,779	\$ 498,891	\$ 468,914
2.7 to 1	2.6 to 1	2.7 to 1	2.7 to 1	3.2 to 1	3.9 to 1
\$ 683,092	\$ 559,739	\$ 488,029	\$ 429,015	\$ 360,735	\$ 344,289
\$ 199,088	\$ 139,945	\$ 124,652	\$ 126,079	\$ 72,261	\$ 94,854
\$ 406,076	\$ 237,246	\$ 202,777	\$ 156,586	\$ 143,255	\$ 143,213



TIRES & MARKETING

The tire market was strong during the year. Total tire shipments were up approximately five percent over 1971. Shipments to vehicle manufacturers were significantly higher as combined production of cars, trucks and mobile homes soared to an all-time high.

With complete lines of bias, belted bias and radial tires, Firestone opened new markets and strengthened its position in existing ones.

Consumer acceptance of radial tires continued to gain momentum in the United States as radials accounted for approximately nine percent of the replacement market.

Firestone's steel belted radial tire was the first U.S.-made tire of this type to be approved by Detroit manufacturers for some 1972 models. Since then, car manufacturers have been adopting the steel belted radials with growing enthusiasm. Now called the Steel Radial 500, the tire is standard equipment on several 1973 model cars and is offered as optional equipment on many others.

During the year, the Company announced an extremely significant breakthrough in radial tire production. The new process allows production of radial tires on the same equipment presently used for bias and belted bias

tires and makes possible a major increase in radial production without a massive capital investment in new equipment. It gives the Company the flexibility to produce in quantity any mixture of radial, belted bias or conventional tires and places Firestone in a strong competitive position to meet any foreseeable market demand for radial tires.

The Radial V tire line has been produced by the new method for two years, and tests have shown that tires made by the new process have all the usual advantages of radial tires plus a distinctively comfortable ride.

LEFT—New Transteel radial truck tire combines a steel body with multiple steel belts under the tread. The all steel tire is being produced at the Company's new plant in Nashville, Tenn.

LXX Mach 1 aircraft tires and specially designed wheels have been approved for use by two U.S. airlines.

A snow-clogged mountain pass becomes a test site for Town & Country All Position winter tires. Tire testing goes on constantly in all types of weather conditions.



Various tire cord materials continue to vie for domination in the industry. Steel cord with its exceptional strength is being used in several lines of radial tires as well as for belt plies in some belted bias tires.

Firestone became the first company to use the widely heralded Fiber B cord material in the production of Radial V-1 tires for the replacement market. Tests show that Fiber B combines the qualities of strength, durability and smoothness of ride. The Company will, however, continue to test and evaluate all cord materials and will utilize those best suited for specific purposes.

In addition to the Radial V-1 and Steel Radial 500 tires, other radials introduced during the year were the

Transtee radial truck tire, and an off-the-highway radial tire which is now being evaluated on construction equipment.

Other new passenger car tires announced during the year included the 500 Steel Belt, a belted bias tire for the replacement market; a wide specialty tire for small cars; the Power Drive and the Transport Supreme truck tires, and a new line of Loader-Dozer earth-mover tires.

Firestone continued as one of the industry leaders in developing and supplying tires and related equipment for mass transit systems. The ground transportation system at the giant airport complex between Dallas and Fort Worth, Tex., will be equipped with Firestone tires, wheels and air suspension equipment. The 68 computer controlled vehicles will be equipped with Transport 1 truck tires filled with a synthetic rubber foam material.

Firestone's unique tire and wheel concept, incorporating the LXX cantilevered sidewall truck tire in a wheel and tire system, is undergoing extended in-service testing by a major trucking company. The LXX Mach 1 aircraft tire has been accepted by two airlines and is now in service. The LXX cantilevered sidewall tires can add to vehicle operating safety by providing increased room for larger brakes.

To keep up with demands, tire plants operated at or near capacity. The new plant in Nashville, Tenn., started operations and is producing the new Transteel radial truck tire.

Firestone's radial earthmover tires undergo rugged tests on construction site in the South.



Mobile irrigation systems, equipped with Firestone tractor tires, are helping to make semi-arid lands into highly productive farming areas.



A multimillion dollar capital equipment program to increase truck tire production capacity by 25 percent was announced and is planned for completion by 1975. Involved are expansions at plants in Des Moines, Iowa; Salinas, Calif.; Nashville, Tenn., and Dayton, Ohio. Total effect of these expansions is equivalent to the construction of one new plant.

Expansion programs are also under way at Albany, Ga., and at Bloomington, Ill., where the Company's largest tire curing unit was installed.

At Decatur, Ill., the program to convert passenger tire production to radial tires is on schedule and will be completed early in 1973.

Modernization programs to increase productivity and reduce costs were undertaken at all domestic tire plants. Emphasis on quality assurance was maintained with the addition of new equipment and computerized techniques for testing tires.

DISTRIBUTION

A massive new distribution center, covering more than 18 acres, was opened in Cranbury, N.J. The facility is the Company's largest warehouse under one roof and will serve all Firestone dealers and stores as well as major automobile assembly plants in 12 Eastern states. The center can store nearly two million tires and utilizes the latest in automatic handling systems.

Other programs to streamline ordering and distribution procedures were initiated making the Firestone distribution system one of the finest in the industry.

MARKETING

The Company's vast marketing network of dealers and stores was expanded by the opening of 115 new sales outlets during the fiscal year. The Company's marketing programs strengthen and expand Firestone's ability to reach out to consumers and provide them convenient and dependable tire care and auto services.

As in the past, major emphasis was placed on improvement of services to the customer. The consumer affairs department initiated several new programs with customer benefits. Included in the new activities was a 24-hour message center to expedite the handling of customers' emergency needs.

Modern electronic control and communications system in tire plants monitors equipment and contributes to improved production efficiency.



To serve the growing number of trucks on our nation's highways, the Company expanded its network of Truck Tire Centers and additional centers are planned for 1973.

These centers, strategically located across the country, are designed and equipped to handle sales and service of truck and off-the-highway tires. Most centers operate fleets of radio-dispatched service vehicles to provide fast, efficient road service for truckers.

One of the Company's largest and most far-reaching advertising campaigns went into operation with a full range of newspaper, magazine, radio and television advertising. The campaign features Firestone tires as "people tires" — so people won't have to worry about tires. The campaign also encompasses all Firestone employees — "the people tire people" — who take pride in quality workmanship.

To introduce its 40,000 mile guaranteed Radial V-1 tire to the motoring public the Company offered a seven day trial of a set of the tires to car owners. This unusual tire marketing program allowed the motorist to trade in his old tires, drive on the new ones for seven days and then return them if not completely satisfied. The program proved highly successful.

In another area of the market, Firestone continued as one of the largest manufacturers of private brand tires for oil companies and mass distributors.

RACING

Three major auto racing championships were won on Firestone tires in 1972, the first time this was ever accomplished by any tire company in a single year.

Joe Leonard, driving on Firestone tires, took the United States Auto Club championship division title for the second consecutive year.

One of the most modern distribution centers in the industry opened for business in Cranbury, N.J. The new Firestone facility can store two million tires.



Firestone tires also carried Emerson Fittipaldi of Brazil to the World Driving Championship. The Formula 1 Grand Prix events which make up the World Driving Championship were held on four continents and included races in Spain, South Africa, Monaco, Belgium, France, Great Britain, Germany, Austria, Argentina, Italy, Canada and the United States.

The third major championship was won by the Ferrari racing team which took the World Manufacturers' Championship on Firestone tires.

DAYTON

Aggressive merchandising programs helped The Dayton Tire & Rubber Company post sales gains in all phases of its business. Sales to distributors, private brand customers and equipment manufacturers were at an all-time high. The increase in sales of mobile homes and travel trailers activated a corresponding increase in shipments of tires to these manufacturers.

The division introduced 18 new passenger, truck and recreational vehicle tires including the Dayton Radial XS, a steel belted radial tire.

New equipment was installed at the Dayton, Ohio, plant and a two million dollar expansion program to increase production capacity is under way at the Oklahoma City, Okla., plant.

SEIBERLING

New products and an expanded dealer organization highlighted 1972 for The Seiberling Tire & Rubber Company.

The division introduced several new truck tires including a white wall tire for recreational vehicles which has been readily accepted by trailer manufacturers and the replacement market. The Supreme Steelbelt passenger car tire was announced and the division will enter the steel radial tire market with two new passenger car tires early next year.

Factory modernization programs were completed to make production more efficient.

Firestone's exhibit at Transpo 72, featuring tires of today and tomorrow as well as other automotive products, drew thousands of international and U.S. visitors.



Many new sales outlets like this store in Florida opened during the year. Stores provide complete and convenient tire and car service for the motoring public.





INTERNATIONAL OPERATIONS

Expansion was the key word for Firestone's International operations as world markets for tires continued to grow in 1972. By supplying tires from the United States and its 32 foreign tire plants, Firestone was able to increase its penetration of these highly competitive but rapidly growing foreign markets.

LATIN AMERICA

In Brazil, Firestone subsidiaries are expanding rapidly to keep pace with the booming economy there. Vehicle registrations have been growing at an average rate of 12 percent annually. It is estimated that car production will increase 77 percent over the next five years.

To meet these needs of motorists the Company has a multimillion dollar expansion program under way for plants in Sao Paulo and Rio de Janeiro. When the expansions are completed, production capacity will be increased more than 50 percent.

Radial passenger tire production, initiated last year, continued to expand in line with the favorable reception of radial tires by Brazilian motorists.

Firestone tires are helping to open up the dense Amazon jungle through Brazil. Construction equipment on Firestone tires is pushing its way across 2,400 miles of wilderness as work proceeds on the Trans-Amazon highway. The giant road building program is one of the largest projects ever undertaken on the continent. The road traverses the width of Brazil and is opening up large new land areas for development.

In Argentina, the Company increased its penetration of the tire market and expanded production capacity for radial passenger and truck tires at the Buenos Aires facility.

Ground has been broken for a second affiliated plant in Mexico as demands for Firestone products expand in that country. With the new plant, production capacity in Mexico will be increased more than 50 percent.

Distribution facilities were expanded in Venezuela and throughout the Central American common market countries of Costa Rica, Nicaragua, Guatemala, El Salvador and Honduras. The Costa Rican tire plant added several new lines of tires to meet motorists' needs.



Scene in downtown Sao Paulo, Brazil, as vehicle registrations continue to rise dramatically in that country. Company plants are expanding to keep pace with the booming economy.

Truck from Firestone Viskafors plant delivers load of tires to Swedish auto plant.

AFRICA, ASIA AND SOUTH PACIFIC

Progress in Asia, Africa and the South Pacific was highlighted by programs to increase production capabilities in Kenya, Ghana, South Africa, New Zealand, Australia and the Republic of the Philippines.

Added facilities for steel cord truck tire production were completed in Nairobi, Kenya.

The plants in Bangkok, Thailand, and Christchurch, New Zealand, set new sales and production records during the year, and in New Zealand additional sales outlets were opened.

Programs to insure top quality products were emphasized and quality assurance testing equipment is being provided for all foreign plants.

International markets for industrial products are expanding. To meet the demand the Australian plant has started production of Airide springs and other new rubber components.

EUROPE

Marketing opportunities in the vast automotive markets of Western Europe and the United Kingdom continued their upward trend. The number of registered vehicles of all types is expected to reach 81.5 million units by the end of the year, an increase of 6.5 percent over 1971.

Radial tires continued to grow in popularity and it is estimated radial tires will account for 65 percent of all passenger and truck tires marketed in Europe this year.

To meet this demand Firestone accelerated its expansion programs and increased radial tire capacity in France, Italy and Spain. Conversion of the Wrexham, Wales, plant to total radial tire production was completed during the year. A program to increase production capacity in Portugal and Sweden is also under way.

The opening of new stores in the United Kingdom enabled the Company to make strong inroads in the retail market.

CANADA

Expansion of facilities for radial tire production took priority in Canada in 1972 as in many other countries.

In Joliette, Quebec, passenger tire production is being expanded by 50 percent. The program will include additional facilities for both radial steel tires and Radial V-1 tires.

Production capacity for truck and earthmover tires will be increased in Calgary, Alberta, to keep up with the needs of these growing segments of the Canadian market.

Marketing operations were expanded as the subsidiary opened new retail outlets throughout the country. To take advantage of these growing tire markets further marketing expansions are planned for 1973.

The Canadian subsidiary, the Company's first operation outside the United States, observed its 50th anniversary this year.

Sales programs continue to expand in Great Britain as many new tire and auto centers are opened to help insure Firestone's growth in the tire market.



Marine fenders, produced at the Brentford, England, plant, are loaded for shipment abroad. The rotating fenders are actually earthmover tires fitted to special mountings. They are affixed to docks and serve as protection for ships.



DIVERSIFIED OPERATIONS

RUBBER

Firestone Industrial Products Company set new production records for both its automotive and non-automotive product lines in fiscal 1972. High auto and truck production as well as greater activity in the construction and recreational fields contributed to the division's gains.

During the year, the division manufactured several new products including an energy absorbing rubber block for use with protective auto bumper systems designed to meet Government standards for 1973 model cars.

With the demand for leisure time products, sales of semi-pneumatic tires for recreational vehicles, shopping and golf carts and lawn mowers also increased.

Demand for Airide springs for vehicles, Airmount isolators and Airstroke actuators for industrial applica-

tions continued to grow. Airide springs are being used on all major mass transit systems in North America and as original equipment on many trucks.

Sales of urethane foam to the automotive, furniture, bedding and carpeting industries increased significantly during the year.

Because of the increased demand, Firestone Foam Products plants at Milan, Tenn., and Corry, Pa., operated at capacity and an expansion program was started at the Elkhart, Ind., facility to meet growing needs of the mobile home industry. In addition, a new plant is under construction in North Carolina. This new facility will produce materials for the furniture industry.

Continuing its work for consumer safety, the division shipped large quantities of its new flame retardant foam for use in the automotive and carpet industries.

World Bestos Company, a major supplier of replacement heavy duty discs for truck brakes, expanded its product line to passenger car disc brakes. With this new capability, the division is now producing a full complement of high quality friction material products for the auto industry.

Development of new products for the recreation and pollution control markets highlighted 1972 for the Coated Fabrics Company.

The division introduced a new recreational pontoon raft called "white water boat"; a sewage holding tank for boats and air-supported shelters. These inflatable and portable structures are being utilized for a variety of purposes including Army field hospitals.

In the field of auto safety the division is developing air bags to be used with passive restraint systems and a passenger car fuel tank system to reduce hazard of fire in auto crashes.

A new wall carpet adhesive was introduced by Firestone Adhesives Company. The product was designed for easy installation of the new lightweight carpeting for walls.

Use of Rub-R-Road surfacing material in highway construction and especially on bridge surfaces is growing.





METALS

New products and improved market penetration led to a record year for Firestone Steel Products Company.

Sales of wheels and rims to truck manufacturers increased substantially as truck production soared to an all-time high in 1972.

During the year, the division introduced the Radial Commander wheel for use with radial truck tires; a new Duplex Camper wheel especially styled for recreational vehicles and light trucks; and the Accu-Forge aluminum truck wheel. In addition, the XL wheel was approved as original equipment by several major truck manufacturers.

In the mass transit field, the division is currently providing wheels for the unique shuttle system at the new Dallas-Fort Worth, Tex., airport. Testing continues on wheels for various other types of mass transit equipment.

Stainless steel container sales were the highest in history. A new straight-side keg was introduced for the brewing industry and the line of general beverage containers was expanded.

At Hamill Manufacturing Company new product developments and a high auto production year combined to set sales and production records.

Hamill, a major producer of seat and shoulder belts, has developed a new belt system meeting federal safety requirements for 1974 model cars. This inertial system features emergency locking retractors for the shoulder belt and is designed with special emphasis on occupant comfort and convenience.

The division is also continuing development of restraint systems with automatic locking belts in anticipation of governmental requirements for these devices in the late 1970's.

To meet growing demands for larger, faster and heavier farm machinery, Electric Wheel Company expanded its line of agricultural rims, wheels, hubs and spindles.

Production facilities for rims and wheels for construction and industrial equipment are also being expanded at the Quincy, Ill., plant.

PLASTICS

Record quantities of FPC vinyl resins and compounds, and Velon film and sheeting were shipped by Firestone Plastics Company as business activity in the building, home furnishings and automotive industries remained high.

Processing and chemical plants at Pottstown, Pa., West Caldwell, N.J., and Perryville, Md., operated at capacity producing more than 325 million pounds of vinyl. In view of the high growth rate in the vinyl industry, a multimillion dollar expansion program is being planned to allow the division to maintain its position as one of the largest polyvinyl chloride producers in the country.

CHEMICALS AND TEXTILES

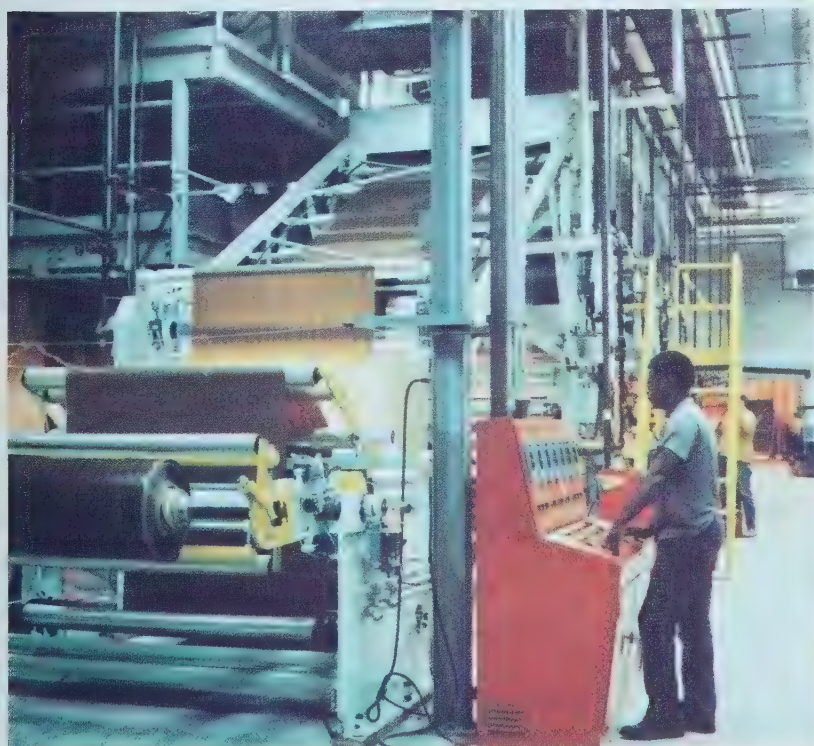
In a move to streamline operations and broaden marketing programs, Perma-lastic Products and Loxite Adhesives divisions were combined into the Firestone Adhesives Company.

The division, with plants in Detroit, Mich., and Trenton, N.J., is marketing adhesives for the construction, automotive, packaging, paint and tire retreading industries.

LEFT—New truck wheels were introduced by Firestone Steel Products Company, world's largest producer of truck wheels and rims.

Giant printing press at Salisbury, Md., plant produces natural looking woodgrain patterns on rigid and semi-rigid vinyl film for the building and furniture industries.

Inertial shoulder and seat belt system, developed by Hamill Manufacturing, allows occupant to move about comfortably yet safely.



As worldwide consumption of synthetic rubber continued to grow, the Firestone Synthetic Rubber & Latex Company sold record amounts of rubber to tire plants and to other customers in the plastics, carpeting and rubber products industries.

Demand is especially high for the stereo type rubbers, Diene, Duradene and Stereon, made by a unique Firestone process. To keep up with demands of the tire industry for Duradene synthetic rubber, multimillion dollar expansion programs were completed at the Lake Charles, La., and Port Jerome, France, plants. A similar program is now under way at the Orange, Tex., facility.

During the year the division announced the availability of new flame retardant synthetic latices developed for use in foam carpet backing.

With an increase in domestic consumption of man-made fibers this year, Firestone Synthetic Fibers Company set new sales and production records.

Consumer acceptance of synthetic knit fabrics resulted in new markets and increased sales for Nytelle textile yarn. Sales of nylon 6 yarn to the tire industry were also at record levels.

New products introduced during the year included a fast curing thermally stable nylon molding resin for automotive applications and several flame retardant nylon molding resins which were designed to meet government flammability standards set for the auto industry.

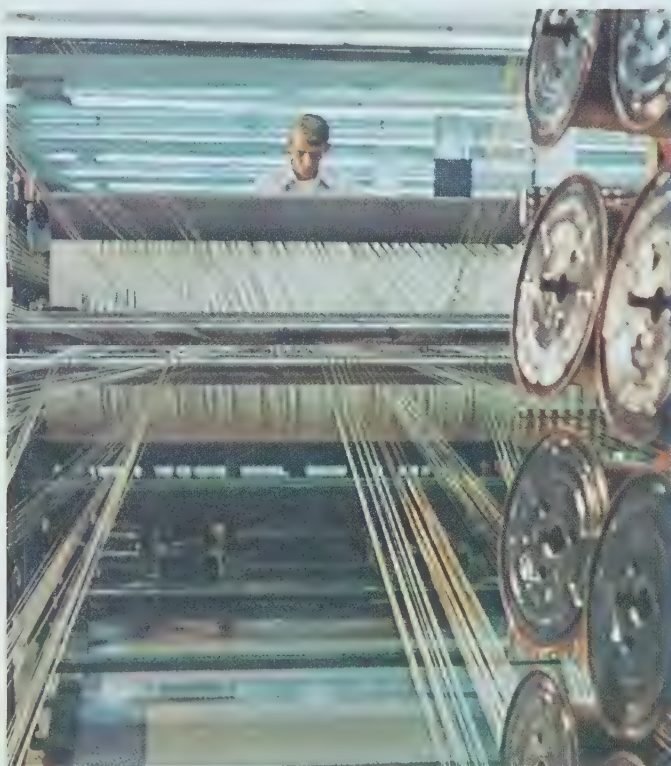
Large-scale production of polyester tire yarn is expected to start next year when a new plant, now under construction in Hopewell, Va., will be completed. The division is currently producing polyester on a limited scale.

Firestone Textiles Company tripled its capacity for weaving steel cord during the year to meet increased demands from the tire industry for this strong cord material. Steel cord is being used in many belted bias and radial type tires to provide added strength and durability.

Further gains in sales to outside customers were recorded, and plants in North and South Carolina and Kentucky operated at capacity.

A major expansion program which will increase production capacity of steel wire by 300 percent is under way at the wire and cable division plant in Lens, France. The plant, which started operations in 1971, is being enlarged to meet the increasing demands of the Company's foreign tire plants for steel cord material.

Steel cord weaving capacity at Gastonia, N.C., textile plant has been tripled to keep up with demand from tire plants.



The Company's chartered ships, Oswego Planter and Oswego Tapper, made their maiden voyages from Liberia to the United States with rubber and latex.



NATURAL RUBBER & LATEX COMPANY

A new trans-Atlantic shipping system designed to improve distribution and service to Firestone Natural Rubber & Latex customers went into operation in 1972.

The world's first ships specifically designed for shipments of rubber were chartered by Firestone and began scheduled trips from Liberia, West Africa, to the United States.

Regular trans-Atlantic runs assure U.S. customers of the constant availability of all types and grades of latex. On the eastbound runs the ships will carry supplies and chemicals used in rubber processing and general cargo for the United States Trading Company, a general merchandising subsidiary in Liberia.

The ships, Oswego Planter and Oswego Tapper, unload directly into terminals operated by the Natural Rubber & Latex division in Baltimore, Md., Savannah, Ga., and Fall River, Mass.

The division operates plantations in Liberia, Ghana, Brazil and the Philippines. It is a major supplier of high quality natural rubber and latex to Firestone plants and to the carpet, garment and dipped goods industries in Europe and the United States.

BANK FIRESTONE LTD.

Growth was the key word for Bank Firestone, Ltd., a wholly-owned subsidiary of the Company in Zurich, Switzerland, which just completed its first full year of operation.

Because of its rapid growth the Bank moved to new and larger facilities in Zurich during the year. In August, a representative office was opened in London, England, to provide improved services to customers.

The Bank's operations are not limited to serving the parent Company but it also provides a wide range of banking services to individual and corporate clients. It is engaged in handling deposits and foreign exchange transactions, arranging Euro-currency loans and providing investment management advice.

Firestone has been engaged in international financing since 1919. In 1968 Firestone Finanz, A.G., a wholly-owned subsidiary, was established in Zurich and was converted to Bank Firestone Ltd., in April 1971.

Entrance and an interior view of Bank Firestone Ltd.'s new facility in Zurich, Switzerland.



RESEARCH

In 1972 Firestone's central research group directed its efforts to new products and to developing basic techniques for improvements that will result in better products and processes in the future.

In the area of consumer safety, scientists continued to study the factors that inhibit flammability and smoke emission in burning plastics, fibers and rubbers. Significant progress in this area has already aided several divisions of the Company in developing products that meet or exceed safety standards.

A third generation Analogue Computer/Optimizer, with extraordinary capabilities in solving difficult compounding problems, was designed and produced by the research staff. The new equipment has been well accepted by other research organizations.

Forming the basis for improved products are research studies in laser holographic photography which has been used to analyze vibration characteristics of radial tires. Results of this research are leading to improved radial tire engineering and construction.

Another development was a new synthetic rubber which has outstanding low temperature flexibility and is solvent resistant and non-flammable. This specialty rubber, called phosphazene, is now being evaluated in critical military, aerospace and industrial applications.

Since its formation six years ago, Firestone's radiation research group has made significant advances in radiation technology with special emphasis on elastomers and plastics.

Today radiation processing is in use in both the tire and diversified products areas of Firestone's business.

Use of radiation processing has led to a more uniform and higher quality tire. In the plastics area, a radiation curable insulation material used for electrical wire was developed and is being marketed by the plastics division.

To help improve riding qualities of tires, scientists have developed techniques of analyzing tire vibrations through use of laser holography. Hologram identifies areas of motion on a vibrating tire.



Dienite resin, a product of Firestone research efforts, was especially developed for fast cycle injection molding. Here a test sample is removed from injection molding equipment.



ENVIRONMENTAL ENGINEERING

Several multimillion dollar projects were completed during the year as Firestone continued its program to achieve excellence in environmental engineering.

Major projects included installation of modern bulk carbon black handling systems at tire plants in Los Angeles, Calif., and Dayton, Ohio.

An advanced water treatment system, the first of its kind in the rubber industry, completed its demonstration period at the Lake Charles, La., syn-

thetic rubber plant. This system has proved highly successful and has been made available to other industries.

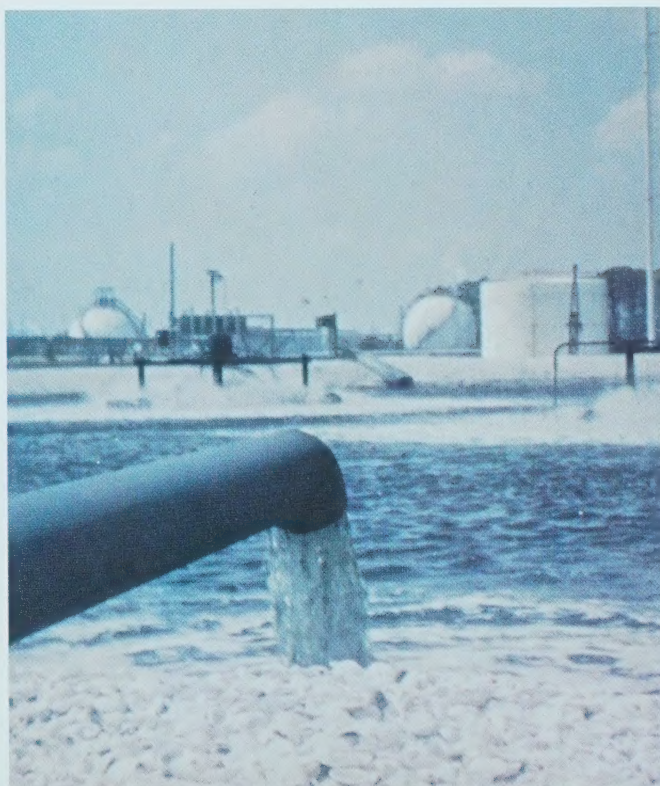
Other types of waste water treatments, featuring new technological processes, were installed at plants in Salinas, Calif., Pottstown, Pa., and Noblesville, Ind.

Company engineers have installed a new irrigated electrostatic precipitator at the Gastonia, N.C., textile plant. This unit, also the first of its type in the industry, is designed to capture dust, fumes, and smoke from fabric treating equipment.

Programs to meet or exceed the increasingly stringent local, state and federal anti-pollution standards have been put into effect at all Firestone production facilities.

The Company continues to mount new efforts in its commitment to a total environment improvement program. This includes finding and controlling any contamination of air, water or land resulting from Company operations; the development of products and processes to aid in pollution abatement, and the sharing of its knowledge with other industries and the general public.

New multimillion dollar water treatment facility at Lake Charles, La., synthetic rubber plant is functional as well as attractive. Right—Clean water emerges from the plant's new purification process.





The Company's growth, product innovations and sales achievements in 1972 reflect the talents, dedication and hard work of more than 105,000 Firestone employees around the world. They are the people who design, test, produce and sell Firestone tires and nearly 40,000 other diversified products.

The Company recognizes its obligation to provide motivation and opportunity for all its employees — men, women, young, old, minority, non-minority, hourly and salaried—so that they may contribute their fullest to the continuing growth of the Company and advance in proportion to their contributions.

An ever-widening variety of employee benefits is offered. During the year, the Company initiated a new program to provide early identification, counseling and referral for employees and members of their families with behavioral-medical problems. The main thrust of the plan is aimed at abuse of alcohol and drugs. The goal of this new program, the first of its type in the rubber industry, is to eliminate people problems before they create problem people. The Company believes that helping employees do their jobs to the full extent of their abilities should be a basic management objective.

Other benefits in the Company plan include group life insurance, sickness and accident benefits, hospital-surgical-medical and drug coverage, supplemental unemployment benefits, stock purchase and savings plans, holiday and vacation pay, and pensions.

Other plans include the suggestion system, safety programs and a variety of educational and training programs for hourly and salaried personnel.

The Company continued its long-standing policy of providing equal employment opportunities to all qualified applicants and employees regardless of race, religion, national origin or sex.

During the year the Company aggressively recruited and hired women and minority applicants for a variety of jobs including professional and technical posts.

Firestone also expanded its cooperation in the JOBS Program of the National Alliance of Businessmen providing jobs for the chronically unemployed and returning veterans.

In 1972 Company scholarships were awarded to 41 sons and daughters of Firestone employees bringing the total number of students receiving the awards to 603 over the past 20 years.

Aware of its obligations to the community, Firestone, as well as its employees, contributed money and time to many worthwhile civic, educational, cultural, youth, social, health and welfare organizations on a national scale and locally in the communities in which the Company operates.



DOMESTIC FACILITIES

Tire and Tube Plants

Akron, Ohio
Albany, Georgia
Barberton, Ohio
Bloomington, Illinois
Dayton, Ohio
Decatur, Illinois
Des Moines, Iowa
Los Angeles, California
Memphis, Tennessee
Nashville, Tennessee
Oklahoma City, Oklahoma
Pottstown, Pennsylvania
Russellville, Arkansas
Salinas, California

Diversified Products Plants

Akron, Ohio
Almont, Michigan
Bad Axe, Michigan
Bennettsville, South Carolina
Bowling Green, Kentucky
Corry, Pennsylvania
Danville, Kentucky
Detroit, Michigan
Elkhart, Indiana
Gastonia, North Carolina

Hopewell, Virginia
Imlay City, Michigan
Lake Charles, Louisiana
Magnolia, Arkansas
Milan, Tennessee
New Castle, Indiana
Newport, Tennessee
Noblesville, Indiana
Orange, Texas
Perryville, Maryland
Pottstown, Pennsylvania
Prescott, Arkansas
Quincy, Illinois
Romeo, Michigan
*Ravenna, Ohio, Army Ammunition Plant
Salisbury, Maryland
Spartanburg, South Carolina
Trenton, New Jersey
Udly, Michigan
Washington, Michigan
Westbury, New York
West Caldwell, New Jersey
Wyandotte, Michigan

Tire Test Centers

Columbiana, Ohio
Ft. Stockton, Texas
*Operated for U.S. Government

FOREIGN FACILITIES

Alcochete, Portugal
*Askim, Norway
Bangkok, Thailand
*Bareilly, India
Bari, Italy
Bethune, France
*Bilbao, Spain
Bizerte, Tunisia
Bombay, India
Bonsaso, Ghana
Boras, Sweden
Brentford, England, United Kingdom
Brits, South Africa
Buenos Aires, Argentina
*Burgos, Spain
Butterworth, Malaysia
Calgary, Alberta, Canada
Christchurch, New Zealand
Hamilton, Ontario, Canada
Joliette, Quebec, Canada
Lens, France

London, Ontario, Canada
Manila, Republic of the Philippines
Melbourne, Australia
*Mexico City, Mexico
Midland, Ontario, Canada
*Montevideo, Uruguay
Nairobi, Kenya
*Osaka, Japan
Penetanguishene, Ontario, Canada
Port Elizabeth, South Africa
Port Jerome, France
*Pratteln, Switzerland
Rio de Janeiro, Brazil
Rome, Italy
*Saint Nabord, France
San Jose, Costa Rica
Sao Paulo, Brazil
Singapore, Singapore
Swindon, England, United Kingdom
Sydney, Australia
Tvaaker, Sweden

Valencia, Venezuela
Viskafors, Sweden
Woodstock, Ontario, Canada
Wrexham, Wales, United Kingdom

RUBBER PLANTATIONS

Bonsaso, Ghana
Cavalla, Liberia
Harbel, Liberia
Itubera, Brazil
Makilala, Republic of the Philippines
Retalhuleu, Guatemala, Experimental Plantation

*Firestone Associated Factory





YOUR SYMBOL OF QUALITY AND SERVICE